

SECOND SUPPLEMENTAL TRUST AGREEMENT

Dated as of June 1, 2019

Between

CITY OF FAYETTEVILLE, NORTH CAROLINA

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

\$ _____
City of Fayetteville, North Carolina
Taxable Limited Obligation Bonds
(Stadium and Parking Deck Project)
Series 2019A

\$ _____
City of Fayetteville, North Carolina
Limited Obligation Bonds
Series 2019B

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SECOND SUPPLEMENTAL TRUST AGREEMENT

This SECOND SUPPLEMENTAL TRUST AGREEMENT, dated as of June 1, 2019 (this “Second Supplemental Trust Agreement”), between the CITY OF FAYETTEVILLE, NORTH CAROLINA, a municipal corporation duly organized and validly existing under the laws of the State of North Carolina (the “City”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, which is authorized under such laws to exercise trust powers (the “Trustee”), supplementing a Master Trust Agreement, dated as of June 1, 2018 (as supplemented and amended from time to time, the “Master Trust Agreement”), between the City and the Trustee;

WITNESSETH:

WHEREAS, pursuant to Section 160A-20 of the General Statutes of North Carolina (as amended, the “Act”), the City may finance (a) the purchase of real or personal property or (b) the construction of fixtures or improvements on real property by contracts that create in the property so acquired or in the fixtures or improvements, or in all or some portion of the property upon which the fixtures or improvements are located, or in both, a security interest to secure repayment of the moneys advanced or made available for such purchase or construction;

WHEREAS, pursuant to the Master Trust Agreement and a First Supplemental Trust Agreement, dated as of June 1, 2018 (the “First Supplemental Trust Agreement”), between the City and the Trustee, the City has heretofore issued its Taxable Limited Obligation Bonds (Stadium and Parking Deck Project), Series 2018 in the aggregate principal amount of \$50,520,000 (the “Series 2018 Bonds”) for the purpose of financing (a) a baseball stadium and related facilities and (b) a downtown parking garage (the “2018 Project”);

WHEREAS, the City desires to finance (a) certain additional costs relating to the 2018 Project and (b) the costs of constructing and equipping a new swimming pool at the City’s Lake Rim Recreation Center (the “2019 Project”), which 2019 Project constitutes an Additional Project within the meaning of the Master Trust Agreement;

WHEREAS, the City has determined that the issuance of the Series 2019 Bonds (hereinafter defined) pursuant to Section 208 of the Master Trust Agreement for the purpose of financing certain additional costs of the 2018 Project and the costs of the 2019 Project will benefit and be in the best interests of the City, and the City has taken all actions legally required for the issuance thereof; and

WHEREAS, this Second Supplemental Trust Agreement constitutes a Supplemental Trust Agreement within the meaning of the Master Trust Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 101. Meaning of Words and Terms. Unless otherwise required by the context, capitalized words and terms used herein which are defined in the Master Trust Agreement shall have the meanings assigned to them therein, and the following capitalized words and terms shall have the following meanings:

“Bond Year” means the period commencing on June 1 of any year and ending on May 31 of the following year.

“Closing” means the delivery of and payment for the Series 2019 Bonds.

“Closing Date” means the date of the Closing.

“Interest Payment Date” means June 1 or December 1, as the case may be, commencing December 1, 2019.

“Regular Record Date” means the 15th day of the month preceding any Interest Payment Date, whether or not a Business Day.

“Serial Bonds” means, (a) with respect to the Series 2019A Bonds, the Series 2019A Bonds maturing on June 1, 20__ to 20__, inclusive, and (b) with respect to the Series 2019B Bonds, the Series 2019B Bonds maturing on June 1, 20__ to 20__, inclusive.

“Series 2019 Bonds” means, collectively, the Series 2019A Bonds and the Series 2019B Bonds.

“Series 2019A Bonds” means the \$_____ City of Fayetteville, North Carolina Taxable Limited Obligation Bonds (Stadium and Parking Deck Project), Series 2019.

“Series 2019B Bonds” means the \$_____ City of Fayetteville, North Carolina Limited Obligation Bonds, Series 2019B.

“Series 2019 Project Account” means the account of the Project Fund created and so designated by Section 401, in which there shall be created a Series 2019A Subaccount and a Series 2019B Subaccount.

“Series 2019 Subaccount of the Interest Account” means the subaccount created and so designated by Section 401.

“Series 2019 Subaccount of the Principal Account” means the subaccount created and so designated by Section 401.

“Series 2019 Subaccount of the Redemption Account” means the subaccount created and so designated by Section 401.

“Series 2019 Subaccount of the Sinking Fund Account” means the subaccount created and so designated by Section 401.

“Sinking Fund Requirement” means, with respect to the Series 2019 Term Bonds and for any Bond Year, the principal amount fixed or computed for retirement by purchase or redemption on or prior to June 1 of the following Bond Year. Initially, the Sinking Fund Requirements for the Series 2019 Term Bonds shall be the amounts set forth in Section 301(c). Thereafter, if the City redeems any of the Series 2019 Term Bonds pursuant to the optional redemption provisions of Section 301(b), or purchases Series 2019 Term Bonds and delivers such Bonds to the Trustee for cancellation, then the Sinking Fund Requirement for any future Bond Year for that maturity of Series 2019 Term Bonds may be reduced by the amount of the Series 2019 Term Bonds optionally redeemed or delivered for cancellation. Upon such occurrence, the City shall cause an Authorized Officer to file an Officer’s Certificate with the Trustee indicating the revised Sinking Fund Requirement for that maturity of Series 2019 Term Bonds (in integral multiples of \$5,000) for each ensuing Bond Year until all of the Series 2019 Bonds of that maturity are retired. In the event that the City fails to cause an Authorized Officer to file such an Officer's Certificate, then the future Sinking Fund Requirements shall be reduced in the inverse order of their payment dates.

“Term Bonds” means (a) with respect to the Series 2019A Bonds, the Series 2019A Bonds maturing on June 1, 20__, and (b) with respect to the Series 2019B Bonds, the Series 2019B Bonds maturing on June 1, 20__.

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this Second Supplemental Trust Agreement unless some other reference is indicated.

ARTICLE II

AUTHORIZATION, FORM, DELIVERY AND REGISTRATION OF THE SERIES 2019 BONDS

Section 201. Authorization of Series 2019 Bonds. For the purpose of providing funds, together with any other available funds, to (a) pay additional Project Costs relating to the 2018 Project and (b) pay the Issuance Costs in connection with the Series 2019A Bonds, there shall be issued, under and pursuant to the Constitution and the laws of the State, the Master Trust Agreement and this Second Supplemental Trust Agreement, a Series of Bonds of the City designated “City of Fayetteville, North Carolina Taxable Limited Obligation Bonds (Stadium and Parking Deck Project), Series 2019A” in the aggregate principal amount of \$_____.

For the purpose of providing funds, together with any other available funds, to (a) pay the Project Costs relating to the 2019 Project and (b) pay the Issuance Costs in connection with the Series 2019B Bonds, there shall be issued, under and pursuant to the Constitution and the laws of the State, the Master Trust Agreement and this Second Supplemental Trust Agreement, a Series of Bonds of the City designated “City of Fayetteville, North Carolina Limited Obligation Bonds, Series 2019B” in the aggregate principal amount of \$_____.

Section 202. Form of Series 2019 Bonds. The definitive Series 2019A Bonds are issuable in fully registered form in denominations of \$5,000 or any whole multiple thereof, shall be lettered “RA-” and shall be numbered from 1 consecutively upward. The definitive Series 2019B Bonds are issuable in fully registered form in denominations of \$5,000 or any whole multiple thereof, shall be lettered “RB-” and shall be numbered from 1 consecutively upward.

The definitive Series 2019 Bonds shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by the Master Trust Agreement or this Second Supplemental Trust Agreement.

Section 203. Details of Series 2019 Bonds. (a) The Series 2019A Bonds shall be dated the date of their issuance, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) until their payment such interest to the maturity thereof being payable semiannually on each Interest Payment Date, and shall be stated to mature on June 1 (subject to the right of prior redemption), as follows:

<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
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Year of
Maturity

Principal
Amount

Interest
Rate

(b) The Series 2019B Bonds shall be dated the date of their issuance, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) until their payment such interest to the maturity thereof being payable semiannually on each Interest Payment Date, and shall be stated to mature on June 1 (subject to the right of prior redemption), as follows:

Year of
Maturity

Principal
Amount

Interest
Rate

(c) The Series 2019 Bonds shall be issued by means of a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. One bond certificate with respect to each date on which the Series 2019A Bonds and the Series 2019B Bonds, respectively, are stated to mature, in the aggregate principal amount of such Series 2019A Bonds and Series 2019B Bonds stated to mature on such date, and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), shall be issued and required to be deposited with DTC or its designee and immobilized in its custody. The book-entry system will evidence ownership of the Series 2019 Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of

DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of and interest on the Series 2019 Bonds shall be payable to Cede & Co. or any other person appearing on the registration books of the City as the registered owner of such Series 2019 Bonds or its registered assigns or legal representatives. Transfer of principal and interest to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Series 2019 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The City and the Trustee shall not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as Securities Depository for the Series 2019 Bonds or (b) the City determines that continuation of the book-entry system of evidence and transfer of ownership of the Series 2019 Bonds would adversely affect the interests of the beneficial owners of the Series 2019 Bonds, the City shall discontinue the book-entry system with DTC. If the City identifies another qualified Securities Depository to replace DTC, the City shall make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the outstanding Series 2019 Bonds, and the references to DTC or Cede & Co. in this Second Supplemental Trust Agreement shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the City fails to identify another qualified Securities Depository to replace DTC, the City shall deliver replacement bonds in the form of fully registered certificates in the denomination of \$5,000 or any whole multiple thereof in exchange for the outstanding Series 2019 Bonds as required by DTC and others.

Section 204. Terms and Conditions for Issuance of Series 2019 Bonds. The Series 2019 Bonds shall be executed substantially in the form and in the manner herein set forth and shall be deposited with the Trustee for authentication, but before the Series 2019 Bonds shall be authenticated and delivered to or upon the order of the purchasers thereof, there shall be filed with the Trustee the documents required to be delivered to the Trustee pursuant to Section 208 of the Master Trust Agreement.

When such documents shall have been filed with the Trustee, and when the Series 2019 Bonds shall have been executed and authenticated as required by this Second Supplemental Trust Agreement, the Series 2019 Bonds shall be delivered to or upon the order of the purchasers thereof, but only upon deposit with the Trustee of (a) the purchase price of the Series 2019A Bonds in the amount of \$_____ (representing the \$_____ aggregate principal amount of the Series 2019A Bonds, less an underwriter's discount of \$_____) and (b) the purchase price of the Series 2019B Bonds in the amount of \$_____ (representing the \$_____ aggregate principal amount of the Series 2019B Bonds, **[plus a net original issue premium of \$_____ and]** less an underwriter's discount of \$_____).

The proceeds of the Series 2019A Bonds shall be deposited to the credit of the Series 2019A Subaccount of the Series 2019 Project Account to pay additional Project Costs relating to the 2018 Project and the Issuance Costs relating to the Series 2019A Bonds.

The proceeds of the Series 2019B Bonds shall be deposited to the credit of the Series 2019B Subaccount of the Series 2019 Project Account to pay the Project Costs relating to the 2019 Project and the Issuance Costs relating to the Series 2019B Bonds.

Section 205. Representations, Covenants and Warranties of the City. The City represents, covenants and warrants to the Trustee as follows:

(a) The Constitution and laws of the State authorize the City to (i) execute and deliver the Master Trust Agreement, this Second Supplemental Trust Agreement and the Deed of Trust, (ii) enter into the transactions contemplated hereby and thereby and (iii) perform its obligations hereunder and thereunder.

(b) The City has heretofore authorized, executed and delivered the Master Trust Agreement and the Deed of Trust in accordance with the Constitution and laws of the State.

(c) The City has duly authorized the issuance of the Series 2019 Bonds and the execution and delivery of this Second Supplemental Trust Agreement in accordance with the Constitution and laws of the State.

(d) Neither the issuance of the Series 2019 Bonds or the execution and delivery of the Master Trust Agreement, this Second Supplemental Trust Agreement or the Deed of Trust, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions or its organizational documents or any agreement or instrument to which the City is now a party or by which the City or its property is bound, or constitutes a default under any of the foregoing.

(e) Other than building permits or other procedural requirements which are prerequisites to the acquisition, construction or equipping of the 2018 Project and the 2019 Project and the approval of the Master Trust Agreement and this Second Supplemental Trust Agreement by the Local Government Commission as required by the Act, no approval or consent is required from any governmental authority with respect to the entering into or performance by the City of the Trust Agreement, this Second Supplemental Trust Agreement, the Deed of Trust or any other documents related thereto and the transactions contemplated hereby and thereby, or if such approval is required, it has been duly obtained.

(f) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the City challenging the validity or enforceability of the Master Trust Agreement, this Second Supplemental Trust Agreement, the Deed of Trust or any other documents relating hereto or thereto or the performance of the City's obligations hereunder or thereunder.

(g) The City will make no use of the proceeds of the Series 2019B Bonds or of any other amounts or property regardless of the source or take any action that, or refrain from taking any action, as to which the failure to take such action, may cause the Series 2019B Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), "private activity bonds" within the meaning of Section 141 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code. To that end, so

long as any Series 2019B Bonds remain Outstanding, the City, with respect to such proceeds and such other funds, will comply with all requirements of such Sections of the Code and all regulations of the United States Department of the Treasury issued thereunder that are, at the time, applicable and in effect.

ARTICLE III

REDEMPTION OF SERIES 2019 BONDS

Section 301. Redemption of Series 2019 Bonds. (a) The Series 2019 Bonds shall not be subject to prior redemption except as provided in this Article III and in Article III of the Master Trust Agreement.

(b) The Series 2019 Bonds maturing on or prior to June 1, 2028 are not subject to optional redemption prior to their respective maturities. The Series 2019 Bonds maturing on or after June 1, 2029 are subject to redemption prior to their respective maturities, at the option of the City, from any moneys that may be available for such purpose, either in whole or in part on any date on or after June 1, 2028, at a Redemption Price equal to 100% of the principal amount of the Series 2019 Bonds to be redeemed, plus accrued interest, if any, to the redemption date.

(c) The Series 2019A Bonds constituting Term Bonds maturing on June 1, 20__ are subject to mandatory redemption in part on June 1, 20__ and on each June 1 thereafter, in the amount of the Sinking Fund Requirement for such June 1 from moneys deposited to the credit of the Series 2019 Subaccount of the Sinking Fund Account, at a Redemption Price equal to 100% of the principal amount of such Term Bonds to be redeemed, plus accrued interest to the redemption date. Initially, the Sinking Fund Requirements for each June 1 shall be as follows:

<u>Year</u>	<u>Amount</u>
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* Maturity

The Series 2019B Bonds constituting Term Bonds maturing on June 1, 20__ are subject to mandatory redemption in part on June 1, 20__ and on each June 1 thereafter, in the amount of the Sinking Fund Requirement for such June 1 from moneys deposited to the credit of the Series 2019 Subaccount of the Sinking Fund Account, at a Redemption Price equal to 100% of the principal amount of such Term Bonds to be redeemed, plus accrued interest to the redemption date. Initially, the Sinking Fund Requirements for each June 1 shall be as follows:

<u>Year</u>	<u>Amount</u>
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* Maturity

Section 302. Selection of Series 2019 Bonds for Redemption. (a) The Series 2019 Bonds shall be redeemed only in whole multiples of \$5,000. If less than all the Series 2019 Bonds are

called for redemption pursuant to Section 301(b), the Series 2019A Bonds and the Series 2019B Bonds, respectively, of each maturity to be so redeemed shall be called for redemption in the manner set forth in an Officer's Certificate filed with the Trustee. The Trustee shall promptly notify the City in writing of the Series 2019 Bonds so selected for redemption.

(b) If less than all of the Series 2019A Bonds and the Series 2019B Bonds, respectively, of any one maturity are to be called for redemption, the Trustee shall select such Series 2019A Bonds or Series 2019B Bonds to be redeemed by lot, each \$5,000 portion of principal being counted as one Series 2019 Bond for this purpose; provided, however, that so long as the only Owner of the Series 2019A Bonds or the Series 2019B Bonds, respectively, is Cede & Co., such selection shall be made by DTC.

Section 303. Redemption Notice. At least thirty-five (35) days prior to the redemption date of any Series 2019 Bonds to be redeemed pursuant to Section 301(b), the City shall notify the Trustee of its intention to redeem such Series 2019 Bonds. The City and the Trustee may mutually agree to a shorter time period for such notice to the Trustee. At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Series 2019 Bonds to be redeemed, whether such redemption be in whole or in part, the Trustee shall cause a notice of any such redemption to be mailed, first class, postage prepaid, to all Owners of Series 2019 Bonds to be redeemed in whole or in part, provided that notice to any Securities Depository shall be sent in such manner authorized or required by such Securities Depository and provided further that failure to mail any such notice to any Owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2019 Bonds of any other Owner to whom notice was properly given. The Trustee shall also provide a copy of such notice to the Local Government Commission at the same time as such notice is provided to the Owners of the Series 2019 Bonds to be redeemed; provided, however, that failure to provide a copy of such notice to the Local Government Commission or any defect in such notice shall not affect the validity of the proceedings for such redemption.

Each such notice shall set forth the CUSIP numbers of the Series 2019 Bonds to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the address and phone number of the Trustee, the date of the redemption notice, the maturities of the Series 2019 Bonds to be redeemed and, if less than all of the Series 2019 Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Series 2019 Bonds to be redeemed and, in the case of Series 2019 Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Series 2019 Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Series 2019 Bond, a new Series 2019 Bond in principal amount equal to the unredeemed portion of such Series 2019 Bond will be issued.

Any notice of redemption, except a notice of redemption in respect of a Sinking Fund Requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the Redemption Price of and interest on the Series 2019 Bonds to be redeemed, and that if such moneys are not so received, such notice shall be of no force or effect and such Series 2019 Bonds shall not be required to be redeemed. In the event that moneys or Defeasance Obligations sufficient to pay the Redemption Price of and interest on such Series 2019 Bonds are not received by the Trustee

on or prior to the redemption date, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

ARTICLE IV

SERIES 2019 PROJECT ACCOUNT; BOND FUND SUBACCOUNTS; PAYMENTS AND COVENANTS

Section 401. Establishment of Series 2019 Project Account and Bond Fund Subaccounts. The Trustee shall establish a special account within the Project Fund designated as the “Series 2019 Project Account” and shall keep the Series 2019 Project Account separate and apart from all other funds and moneys held by it. Within the Series 2019 Project Account, the Trustee shall maintain a “Series 2019A Subaccount” and a “Series 2019B Subaccount. Amounts deposited and held in the Series 2019A Subaccount shall be held separate and apart from amounts deposited and held in the Series 2019B Subaccount. Moneys held in the Series 2019 Project Account shall be invested and disbursed as provided herein and in the Master Trust Agreement.

The following subaccounts in the Bond Fund are hereby established:

- (a) Series 2019 Subaccount of the Interest Account;
- (b) Series 2019 Subaccount of the Principal Account;
- (c) Series 2019 Subaccount of the Sinking Fund Account; and
- (d) Series 2019 Subaccount of the Redemption Account.

The fund, account and subaccounts mentioned above shall be established with and held by the Trustee pursuant to the Master Trust Agreement and this Second Supplemental Trust Agreement.

Section 402. Payments by the City. The City shall, subject to the limitations of Section 801 of the Master Trust Agreement, deposit or cause to be deposited with the Trustee the following amounts, and the Trustee shall apply such amounts to the various subaccounts specified herein in the following order:

(a) into the Series 2019 Subaccount of the Interest Account, on or before the 25th day of the month immediately preceding on each Interest Payment Date, the interest payable on the Series 2019 Bonds on such Interest Payment Date;

(b) into the Series 2019 Subaccount of the Principal Account, on or before the 25th day of the month immediately preceding each June 1, the principal of all Series 2019 Bonds constituting Serial Bonds coming due on such June 1; and

(c) into the Series 2019 Subaccount of the Sinking Fund Account, on or before the 25th day of the month immediately preceding each June 1, the amount of the Sinking Fund Requirements with respect to all Series 2019 Bonds constituting Term Bonds coming due on such June 1.

In addition, the Trustee shall deposit to the Series 2019 Subaccount of the Redemption Account all amounts as shall be delivered to the Trustee by the City from time to time with instructions that such amounts be so deposited.

Section 403. Application of Money in the Series 2019 Subaccount of the Sinking Fund Account. Money held in the Series 2019 Subaccount of the Sinking Fund Account shall be applied during each Bond Year to the purchase or retirement of Term Bonds then Outstanding as follows:

(a) The Trustee shall, at the request of the City, endeavor to purchase and cancel Term Bonds or portions thereof subject to redemption by operation of the Series 2019 Subaccount of the Sinking Fund Account or maturing on the next ensuing June 1 at the direction of an Authorized Officer. The purchase price of each such Term Bond shall not exceed the principal amount of the Series 2019 Bonds to be purchased plus accrued interest to the date of purchase. The Trustee shall pay the interest accrued on such Term Bonds to the date of settlement therefor from the Series 2019 Subaccount of the Interest Account and the principal amount of the Series 2019 Bonds to be purchased from the Series 2019 Subaccount of the Sinking Fund Account, but no such purchase shall be made by the Trustee from money in the Series 2019 Subaccount of the Sinking Fund Account within the period of forty-five (45) days immediately preceding any June 1 on which such Term Bonds are subject to redemption. The City shall only request that the Trustee purchase Series 2019 Bonds pursuant to this subsection (a) to the extent that amounts are available in the Series 2019 Subaccount of the Sinking Fund Account and the Series 2019 Subaccount of the Interest Account to pay the purchase price. The aggregate purchase price of Term Bonds during such Bond Year shall not exceed the amount deposited in the Series 2019 Subaccount of the Sinking Fund Account on account of the Sinking Fund Requirement for the Term Bonds for such Bond Year. If in any Bond Year the sum of the amount on deposit in the Series 2019 Subaccount of the Sinking Fund Account for the payment of any Term Bonds and the principal amount of the Term Bonds that were purchased during such Bond Year pursuant to the provisions of this subsection (a) or delivered during such Bond Year to the Trustee by the City exceeds the Sinking Fund Requirement for the Outstanding Term Bonds for such Bond Year, the Trustee shall, upon the direction of the City, endeavor to purchase Outstanding Term Bonds with such excess money. The Trustee shall have no responsibility to the City for the purchase price paid for any Bonds so purchased, so long as such purchase price is not greater than the principal amount of Bonds purchased, plus accrued interest thereon. If the Series 2019 Bonds cannot be purchased for a price equal to or less than the principal amount thereof, then the funds so deposited with the Trustee shall be applied as provided in subsection (b) of this Section.

(b) The Trustee shall call for redemption on June 1 immediately following the then current Bond Year the Term Bonds then subject to redemption in a principal amount equal to the aggregate Sinking Fund Requirement for the Term Bonds for such Bond Year, less the principal amount of any such Term Bonds retired during such Bond Year by purchase pursuant to subsection (a) of this Section or delivered during such Bond Year to the Trustee by the City. If the amount available in the Series 2019 Subaccount of the Sinking Fund Account on such June 1 is not equal to the Sinking Fund Requirement for the Term Bonds for such Bond Year less the principal amount of any such Term Bonds so delivered or purchased and retired, the Trustee shall apply the amount available in the Series 2019 Subaccount of the Sinking Fund Account to the redemption of Term Bonds then subject to redemption so as to exhaust, to the extent

practicable, the amount available. On each redemption date, the Trustee shall withdraw from the Series 2019 Subaccount of the Sinking Fund Account the amount required to pay the Redemption Price of the Term Bonds so called for redemption. The amount of interest on the Term Bonds so called for redemption shall be paid from the Series 2019 Subaccount of the Interest Account. If such date is the stated maturity date of any such Term Bonds, the Trustee shall not call such Term Bonds for redemption but, on such maturity, shall withdraw the amount required for paying the principal of such Term Bonds when due and payable.

If on any date there is money in the Series 2019 Subaccount of the Sinking Fund Account and no Term Bonds are then Outstanding or if on any payment date money remains therein after the mandatory redemption of Term Bonds in accordance with the Sinking Fund Requirement therefor, the Trustee shall withdraw such money therefrom and shall apply the same as follows and in the following order: (a) deposit in the Series 2019 Subaccount of the Interest Account and the Series 2019 Subaccount of the Principal Account, the amounts, if any, required to be paid thereto in such month and (b) return all remaining amounts to the City.

If, in any Bond Year, by the application of money in the Series 2019 Subaccount of the Sinking Fund Account, the Trustee should purchase or receive from the City and cancel Term Bonds in excess of the aggregate Sinking Fund Requirement for such Bond Year, the Trustee shall file with the City not later than the twentieth (20th) day prior to the next June 1 on which Term Bonds are to be redeemed, a statement identifying the Term Bonds purchased or delivered during such Fiscal Year and the amount of such excess. The City shall thereafter cause an Officer's Certificate to be filed with the Trustee not later than June 15 of the following Bond Year setting forth with respect to the amount of such excess the Fiscal Years in which the Sinking Fund Requirements with respect to Term Bonds are to be reduced and the amount by which the Sinking Fund Requirements so determined are to be reduced.

Upon the retirement of any Term Bonds by purchase and redemption pursuant to the provisions of this Section, the Trustee shall file with the City a statement identifying such Term Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Term Bonds, and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such Term Bonds shall be paid by the City.

Section 404. Application of Money in the Series 2019 Subaccount of the Redemption Account. The Trustee shall apply money in the Series 2019 Subaccount of the Redemption Account to the purchase or redemption of Series 2019 Bonds as follows:

(a) Subject to the provisions of subsection (c) of this Section, the Trustee shall endeavor to purchase and cancel Series 2019 Bonds or portions thereof, regardless of whether such Series 2019 Bonds or portions thereof are then subject to redemption, at the direction of an Authorized Officer, provided that the purchase price of each Series 2019 Bond shall not exceed the Redemption Price that would be payable on the next redemption date to the Owner of such Series 2019 Bond under the provisions of this Second Supplemental Trust Agreement, plus accrued interest to that redemption date. The Trustee shall pay the interest accrued on such Series 2019 Bonds or portions thereof to the date of settlement from the Series 2019 Subaccount of the Interest Account and the purchase price from the Series 2019 Subaccount of the Redemption

Account, but no such purchase shall be made by the Trustee from money in the Series 2019 Subaccount of the Redemption Account within the period of forty-five (45) days immediately preceding any date on which such Series 2019 Bonds or portions thereof are to be redeemed.

(b) Subject to the provisions of subsection (c) of this Section, the Trustee shall call for redemption on a date permitted by the Second Supplemental Trust Agreement such amount of Series 2019 Bonds or portions thereof as will exhaust the money then held in the Series 2019 Subaccount of the Redemption Account as nearly as may be practicable; provided, however, that not less than Fifty Thousand Dollars (\$50,000) in principal amount of the Series 2019 Bonds shall be called for redemption at any one time unless the Trustee is so instructed by the City. The Trustee shall pay the accrued interest on the Series 2019 Bonds or portions thereof to be redeemed to the date of redemption from the Series 2019 Subaccount of the Interest Account and the Redemption Price of such Series 2019 Bonds or portions thereof from the Series 2019 Subaccount of the Redemption Account. The Trustee shall withdraw from the Series 2019 Subaccount of the Redemption Account and set aside the respective amounts required to pay the Redemption Price of the Series 2019 Bonds or portions thereof so called for redemption.

(c) Money in the Series 2019 Subaccount of the Redemption Account shall be applied by the Trustee in each Fiscal Year to the purchase or the redemption of Series 2019 Bonds then Outstanding in accordance with the latest Officer's Certificate filed with the Trustee designating the Series 2019 Bonds to be redeemed. In the event no such certificate is filed (i) the Trustee shall apply such money to the purchase of Series 2019 Bonds bearing the highest rate of interest and (ii) if Series 2019 Bonds of more than one maturity bear the same interest rate, the Trustee shall redeem such Series 2019 Bonds in the inverse order of maturities.

Upon the retirement of any Series 2019 Bonds by purchase or redemption, pursuant to the provisions of this Section, the Trustee shall file with the City a statement identifying such Series 2019 Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Bonds and the amount paid as interest thereon. The expenses incurred by the Trustee in connection with the purchase or redemption of any such Series 2019 Bonds shall be paid by the City from any available moneys.

Section 405. Application of Money in the Series 2019 Project Account. Money deposited in the Series 2019A Subaccount of the Series 2019 Project Account in accordance with Section 204 shall be applied to pay additional Project Costs relating to the 2018 Project and the Issuance Costs incurred in connection with the sale and issuance of the Series 2019A Bonds, all in accordance with the requisition procedures for the Project Fund as set forth in Article IV of the Master Trust Agreement. Money deposited in the Series 2019B Subaccount of the Series 2019 Project Account in accordance with Section 204 shall be applied to pay the Project Costs relating to the 2019 Project and the Issuance Costs incurred in connection with the sale and issuance of the Series 2019B Bonds, all in accordance with the requisition procedures for the Project Fund as set forth in Article IV of the Master Trust Agreement.

Section 406. Investment of Money. Money held for the credit of all subaccounts established hereunder on deposit with the Trustee shall be continuously invested and reinvested by the Trustee at the direction of the City as provided in the Master Trust Agreement and this Second Supplemental Trust Agreement.

Section 407. Payment of Principal and Interest. Subject to the limitations of Section 801 of the Master Trust Agreement, the City covenants that it will promptly pay the principal of and the interest on every Series 2019 Bond issued under the provisions of this Second Supplemental Trust Agreement at the places, on the dates and in the manner provided herein and in said Series 2019 Bonds according to the true intent and meaning thereof. The City further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Second Supplemental Trust Agreement, the Master Trust Agreement and the Deed of Trust, or in any Series 2019 Bond executed, authenticated and delivered hereunder and under the Master Trust Agreement or in any proceedings of the City pertaining thereto. The City represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Series 2019 Bonds authorized hereby; that all action on its part for the issuance of the Series 2019 Bonds has been duly and effectively taken; and that such Series 2019 Bonds in the hands of the Owners thereof are and will be valid and binding limited obligations of the City payable according to their terms.

Section 408. Continuing Disclosure. The City hereby undertakes, for the benefit of the beneficial owners of the Series 2019 Bonds, to provide to the Municipal Securities Rulemaking Board (the “MSRB”):

(a) by not later than seven months from the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2019, audited financial statements of the City for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the City are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the City for such Fiscal Year to be replaced subsequently by audited financial statements of the City to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2019, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the headings “THE CITY - Debt Information and - Tax Information” (excluding any information on overlapping units) in Appendix A to the Official Statement, dated May 24, 2019, relating to the Series 2019 Bonds (the “Official Statement”), relating to the Series 2019 Bonds, to the extent that such items are not included in the audited financial statements referred to in (a) above.

(c) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Series 2019 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;

- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2019 Bonds or other material events affecting the tax status of the Series 2019 Bonds;
 - (7) modification to the rights of the beneficial owners of the Series 2019 Bonds, if material;
 - (8) bond calls, other than calls for mandatory sinking fund redemption, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution or sale of any property securing repayment of the Series 2019 Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the City;
 - (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a successor or additional Trustee or the change of name of the Trustee, if material;
 - (15) incurrence of a financial obligation (as defined below) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect beneficial owners of the Series 2019 Bonds, if material; and
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties; and
- (d) in a timely manner, notice of a failure of the City to provide required annual financial information described in (a) or (b) above on or before the date specified.

All information provided to the MSRB as described in this Section shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The City may meet the continuing disclosure filing requirement described above by complying with any other procedure that may be authorized or required by the United States Securities and Exchange Commission.

For purposes of this Section, “financial obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 issued under the Securities Exchange Act of 1934 (“Rule 15c2-12”).

If the City fails to comply with the undertaking described above, the Trustee or any beneficial owner of the Series 2019 Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an Event of Default under the Master Trust Agreement or this Second Supplemental Trust Agreement and shall not result in any acceleration of the Series 2019 Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Series 2019 Bonds.

The City reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the City, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners of the Series 2019 Bonds, as determined by the Trustee or Bond Counsel, or by approving vote of the Owners of a majority in principal amount of the Series 2019 Bonds then Outstanding pursuant to the terms of the Master Trust Agreement at the time of the amendment.

In the event that the City makes such a modification, the annual financial information containing the modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section shall terminate upon payment, or provision having been made for payment, in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Series 2019 Bonds.

ARTICLE V

THE TRUSTEE

Section 501. Acceptance of Duties by the Trustee. The Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Second Supplemental Trust Agreement subject to the terms and conditions of the Master Trust Agreement.

ARTICLE VI

SUPPLEMENTAL TRUST AGREEMENTS

Section 601. Supplemental Trust Agreements Without Consent of Owners. The City may, from time to time and at any time, execute and deliver such trust agreements supplemental hereto (which supplemental trust agreements shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Second Supplemental Trust Agreement and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, shall not materially and adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Second Supplemental Trust Agreement or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Second Supplemental Trust Agreement;

(b) to grant or to confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) to add to the covenants and agreements of the City in this Second Supplemental Trust Agreement other covenants and agreements thereafter to be observed by the City or to surrender any right or power herein reserved to or conferred upon the City; or

(d) to permit the qualification of this Second Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state blue sky law, and, in connection therewith, if the City so determines, to add to this Second Supplemental Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or blue sky law.

At least thirty (30) days prior to the execution and delivery of any supplemental trust agreement for any of the purposes of this Section, the Trustee shall cause at the City's expense a notice of the proposed supplemental trust agreement to be mailed first-class, postage prepaid, to all Owners of the Series 2019 Bonds and to each Rating Agency then rating the Series 2019 Bonds. Such notice shall be prepared by the City, shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of the Series 2019 Bonds. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such supplemental trust agreement.

Section 602. Supplemental Trust Agreements With Consent of Owners. Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2019 Bonds then Outstanding that will be affected (as defined in Section 603) by a proposed supplemental trust agreement shall have the right, from time to time, anything contained in this Second Supplemental Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery by the City and the Trustee of such supplemental trust agreement as shall be deemed necessary or desirable by

the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Second Supplemental Trust Agreement or in any supplemental trust agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2019 Bond without the consent of the Owner of such Series 2019 Bond and the approval of the Local Government Commission, (b) a reduction in the principal amount of any Series 2019 Bond or the redemption premium or the rate of interest thereon without the consent of the Owner of such Series 2019 Bond, (c) a preference or priority of any Series 2019 Bond over any other Series 2019 Bond without the consent of all Owners of the Series 2019 Bonds then Outstanding, or (d) a reduction in the aggregate principal amount of Series 2019 Bonds required for consent to such supplemental trust agreement without the consent of all Owners of the Series 2019 Bonds then Outstanding. Nothing herein contained, however, shall be construed as making necessary the approval by the Owners of the execution and delivery of any supplemental trust agreement as authorized in Section 601.

The Trustee shall, at the expense of the City cause notice of the proposed supplemental trust agreement to be mailed, postage prepaid, to all Owners of the Series 2019 Bonds as of the date such notice is mailed and to each Rating Agency then rating the Series 2019 Bonds. Such notice shall be prepared by the City, shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of the Series 2019 Bonds. The Trustee shall not, however, be subject to any liability to any Owner of the Series 2019 Bonds by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental trust agreement when approved and consented to as provided in this Section.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the City shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Series 2019 Bonds then Outstanding that are affected (as defined in Section 603) by a proposed supplemental trust agreement, which instrument or instruments shall refer to the proposed supplemental trust agreement described in such notice and shall specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City and the Trustee may execute and deliver such supplemental trust agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of the Series 2019 Bonds Outstanding at the time of the execution and delivery of such supplemental trust agreement and that are affected (as defined in Section 603) by a proposed supplemental trust agreement have consented to and approved the execution and delivery thereof as herein provided, to the extent permitted by law, no such Owner shall have any right to object to the execution and delivery of such supplemental trust agreement, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or enjoin or restrain the City or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Upon the execution and delivery of any supplemental trust agreement pursuant to the provisions of this Section or Section 601, this Second Supplemental Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Second Supplemental Trust Agreement of the City, the Trustee and all Owners of the Series 2019 Bonds shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Second Supplemental Trust Agreement, as so modified and amended.

Section 603. Series 2019 Bonds Affected. For purposes of this Second Supplemental Trust Agreement, Series 2019 Bonds shall be deemed to be “affected” by a supplemental trust agreement if the same adversely affects or diminishes the rights of Owners of the Series 2019 Bonds against the City. The Trustee may in its discretion determine whether any Series 2019 Bonds would be affected by any supplemental trust agreement and any such determination shall be conclusive upon the Owners of all Series 2019 Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

Section 604. Exclusion of Series 2019 Bonds. Series 2019 Bonds owned or held by or for the account of the City shall not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Series 2019 Bonds provided for in this Article, and the City as Owner of such Series 2019 Bonds shall not be entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the City shall furnish the Trustee an Officer’s Certificate upon which the Trustee may rely, describing all Series 2019 Bonds so to be excluded.

Section 605. Responsibilities of the Trustee and the City under this Article. The Trustee and the City shall be entitled to exercise their discretion in determining whether or not any proposed supplemental trust agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the City, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of counsel approved by it, who may be bond counsel for the City, as conclusive evidence that any such proposed supplemental trust agreement does or does not comply with the provisions of this Second Supplemental Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to execute and deliver such supplemental trust agreement.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 701. Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the City, the Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested postage prepaid, addressed as follows:

- (a) As to the City --

City of Fayetteville, North Carolina
433 Hay Street
P.O. Drawer D
Fayetteville, North Carolina 28302
Attention: Chief Financial Officer

- (b) As to the Trustee --

U.S. Bank National Association
214 North Tryon Street, 27th Floor
Charlotte, North Carolina 28202
Attention: Global Corporate Trust Services

- (c) As to the Local Government Commission --

North Carolina Local Government Commission
3200 Atlantic Avenue
Raleigh, North Carolina 27604
Attention: Secretary

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned parties by electronic mail ("email") to the email address specified by such parties, provided such email includes a document in portable document format (pdf) signed by an Authorized Officer (in the case of the City) or other authorized representative of the transmitting party. Such email communications shall be deemed to be received once an email acknowledging receipt of such email is sent by the receiving party.

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent in the manner provided above to the other parties by the party effecting the change.

All documents received by the Trustee under the provisions of this Second Supplemental Trust Agreement, or photographic copies thereof, shall be retained in its possession until this

Second Supplemental Trust Agreement shall be released under the provisions of Section 1301 of the Master Trust Agreement, subject at all reasonable times to the inspection of the City, any Owner and the agents and representatives thereof.

Section 702. Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the City or the Trustee shall be unable to mail any notice required to be given by the provisions of this Second Supplemental Trust Agreement, such party shall give notice in such other manner as in the judgment of such party shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Second Supplemental Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

Section 703. Parties, Owners and Local Government Commission Alone Have Rights Under this Second Supplemental Trust Agreement. Except as herein otherwise expressly provided, nothing in this Second Supplemental Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the City, the Trustee, the Owners of the Series 2019 Bonds and the Local Government Commission any right, remedy or claim, legal or equitable, under or by reason of this Second Supplemental Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the City, the Trustee, the Owners of the Series 2019 Bonds and the Local Government Commission.

Section 704. Effect of Partial Invalidity. In case any one or more of the provisions of this Second Supplemental Trust Agreement or the Series 2019 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Second Supplemental Trust Agreement or the Series 2019 Bonds, but this Second Supplemental Trust Agreement and the Series 2019 Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Second Supplemental Trust Agreement or the Series 2019 Bonds shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the City to the full extent permitted by law.

Section 705. Effect of Covenants; Governing Law; Venue. All covenants, stipulations, obligations and agreements of the City contained in this Second Supplemental Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the City to the full extent permitted by the Constitution and laws of the State. This Second Supplemental Trust Agreement is executed and delivered with the intent that the laws of the State shall govern this construction. The exclusive forum and venue for all actions arising out of this Second Supplemental Trust Agreement are with the North Carolina General Court of Justice in Cumberland County, North Carolina or the U.S. District Court for the Eastern District of North Carolina, Raleigh Division. Any attempt to contravene this Section shall be an express violation of this Second Supplemental Trust Agreement.

Section 706. Headings. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of the Master Trust Agreement, nor shall they affect its meaning, construction or effect.

Section 707. Further Authority. The officers of the City and other agents or employees of the City are hereby authorized to do all acts and things required of them by this Second Supplemental Trust Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2019 Bonds and this Second Supplemental Trust Agreement.

Section 708. Payment Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Second Supplemental Trust Agreement is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Second Supplemental Trust Agreement.

Section 709. Multiple Counterparts. This Second Supplemental Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the City and the Trustee have caused this Second Supplemental Trust Agreement to be executed in their respective names by their respective duly authorized representatives all as of the date first written above.

CITY OF FAYETTEVILLE, NORTH CAROLINA

[SEAL]

By: _____
Mayor

Attest:

City Clerk

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Vice President

[Counterpart signature page to the Second Supplemental Trust Agreement, dated as of June 1, 2019, between the City of Fayetteville, North Carolina and U.S. Bank National Association]

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The foregoing Second Supplemental Trust Agreement has been approved under the provisions of Section 160A-20 and Article 8 of Chapter 159 of the General Statutes of North Carolina, as amended.

Secretary, Local Government Commission of North
Carolina

EXHIBIT A

FORM OF SERIES 2019 BONDS

R-__

\$_____

United States of America
State of North Carolina

CITY OF FAYETTEVILLE, NORTH CAROLINA
[TAXABLE] LIMITED OBLIGATION BOND
[(STADIUM AND PARKING DECK PROJECT)]
SERIES 2019[A][B]

Interest Rate

Maturity Date

CUSIP

_____%

June 1, 20__

The City of Fayetteville, North Carolina (the “City”), for value received, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to

CEDE & CO.

or registered assigns or legal representative, on the maturity date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the designated corporate trust office of U.S. Bank National Association (the “Trustee”), the principal sum specified above. The City also promises to pay, but solely from said sources, interest on this bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to December 1, 2019, in which event it shall bear interest from its date, payable on June 1 and December 1 of each year, beginning December 1, 2019, at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a Business Day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the registered owners of the Series 2019[A][B] Bonds (hereinafter defined) not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2019[A][B] Bonds may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Master Trust Agreement (hereinafter defined).

All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond is one of a duly authorized series of limited obligation bonds of the City designated “City of Fayetteville, North Carolina [Taxable] Limited Obligation Bonds [(Stadium and Parking Deck Project)][Pool Facility Project], Series 2019[A][B]” (the “Series 2019[A][B] Bonds”), issued under and pursuant to the Constitution and laws of the State of North Carolina, a resolution of the City Council adopted on April 23, 2019, authorizing the sale and issuance of the Series 2019 Bonds, a Master Trust Agreement, dated as of June 1, 2018 (the “Master Trust Agreement”), between the City and the Trustee, and a Second Supplemental Trust Agreement, dated as of June 1, 2019 (the “Second Supplemental Trust Agreement”), between the City and the Trustee. The Series 2019[A][B] Bonds are being issued for the purpose of providing funds, together with any other available funds, to (a) pay [additional costs of the 2018 Project][the costs of the 2019 Project] and (b) pay the fees and expenses incurred in connection with the sale and issuance of the Series 2019[A][B] Bonds. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Master Trust Agreement and the Second Supplemental Trust Agreement.

The Series 2019[A][B] Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Second Supplemental Trust Agreement. One bond certificate with respect to each date on which the Series 2019[A][B] Bonds are stated to mature, in the aggregate principal amount of the Series 2019 Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), is being issued and required to be deposited with DTC or its designee and immobilized in its custody. The book-entry system will evidence ownership of the Series 2019[A][B] Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal and interest payments to beneficial owners of the Series 2019 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The City will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. While Cede & Co. is the registered owner of this bond, notwithstanding the provisions hereinabove contained, payments of principal of and interest on this bond shall be made in accordance with the existing arrangements between the Trustee and DTC.

The Series 2019[A][B] Bonds are limited obligations of the City payable during any Fiscal Year solely from funds appropriated for that purpose by the City Council in its discretion and from certain other moneys made available therefor under the Master Trust Agreement and amounts received under the hereinafter mentioned Deed of Trust. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal of or interest on the Series 2019[A][B] Bonds.

The City has heretofore issued pursuant to the Master Trust Agreement and a First Supplemental Trust Agreement, dated as of June 1, 2018, between the City and the Trustee \$50,520,000 Taxable Limited Obligation Bonds (Stadium and Parking Deck Project), Series

2018 (the “Series 2018 Bonds”). Simultaneously with the issuance of the Series 2019[A][B] Bonds, the City is issuing pursuant to the Master Trust Agreement and the Second Supplemental Trust Agreement \$_____ City of Fayetteville, North Carolina [Taxable] Limited Obligation Bonds [(Stadium and Parking Deck Project)], Series 2019[A][B] (the “Series 2019[A][B] Bonds”). The Master Trust Agreement provides for the issuance from time to time under the conditions, limitations and restrictions set forth therein of Additional Bonds which shall be equally and ratably secured with the Series 2018 Bonds, the Series 2019A Bonds, the Series 2019B Bonds and any other Additional Bonds hereafter issued pursuant to the Master Trust Agreement (the Series 2018 Bonds, the Series 2019A Bonds, the Series 2019B Bonds and any Additional Bonds herein referred to collectively as the “Bonds”).

As security for the payment of the Bonds and the performance by the City of its other obligation under the Master Trust Agreement, the City has executed and delivered a Deed of Trust, dated as of June 1, 2018 (the “Deed of Trust”), granting to the Trustee for the benefit of the Owners a lien on the Mortgaged Property, subject only to Permitted Encumbrances.

Reference is made to the Master Trust Agreement, the Second Supplemental Trust Agreement and the Deed of Trust for a more complete statement of the provisions thereof and of the rights of the City, the Trustee and the registered owners of the Series 2019[A][B] Bonds. Copies of the Master Trust Agreement, the Second Supplemental Trust Agreement and the Deed of Trust are available for inspection by any registered owner of the Series 2019[A][B] Bonds at all reasonable times at the designated corporate trust office of the Trustee. By the purchase and acceptance of this bond, the registered owner hereof signifies assent to all of the provisions of the Master Trust Agreement, the Second Supplemental Trust Agreement and the Deed of Trust.

This bond, together with corresponding obligations under the Master Trust Agreement, the Second Supplemental Trust Agreement and the Deed of Trust relating thereto, constitutes an installment contract or contract within the meaning of the Section 160A-20, as amended, of the General Statutes of North Carolina entered into by the City for the purpose of financing the acquisition of real or personal property or the construction or repair of improvements thereon.

At the designated corporate trust office of the Trustee, in the manner and subject to the conditions provided in the Master Trust Agreement, the Series 2019[A][B] Bonds may be exchanged for an equal aggregate principal amount of Series 2019[A][B] Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Trustee shall keep at its designated corporate trust office books for the registration of transfer of the Series 2019[A][B] Bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Master Trust Agreement upon the surrender hereof to the Trustee together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such registration of transfer, the Trustee shall deliver in exchange for this bond a new Series 2019[A][B] Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate.

The Series 2019[A][B] Bonds maturing on or prior to June 1, 2028 are not subject to optional redemption prior to their respective maturities. The Series 2019 Bonds maturing on or after June 1, 2029 are subject to redemption prior to their respective maturities, at the option of the City, from any moneys that may be available for such purpose, in whole or in part on any date on or after June 1, 2028, at a Redemption Price equal to 100% of the principal amount of the Series 2019 Bonds to be redeemed, plus accrued interest, if any, to the redemption date, all in the manner provided in the Second Supplemental Trust Agreement.

The Series 2019[A][B] Bonds maturing on June 1, 20__ are subject to mandatory redemption on June 1, 20__ and on each June 1 thereafter in accordance with the Sinking Fund Requirements therefor as set forth in the Second Supplemental Trust Agreement.

At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Series 2019[A][B] Bonds to be redeemed, whether such redemption is in whole or in part, the Trustee shall cause a notice of any such redemption to be mailed, first class, postage prepaid, to all registered owners of Series 2019[A][B] Bonds to be redeemed in whole or in part, provided that failure to mail any such notice to any registered owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2019[A][B] Bonds of any other registered owner to whom such notice is properly given.

On the date designated for redemption, notice having been given as aforesaid, the Series 2019[A][B] Bonds or portions thereof so called for redemption shall become due and payable at the Redemption Price provided for the redemption of such Series 2019[A][B] Bonds or such portions thereof on such date plus accrued interest to such date.

The Series 2019[A][B] Bonds shall be redeemed only in whole multiples of \$5,000. If less than all the Series 2019[A][B] Bonds are called for redemption, the Series 2019[A][B] Bonds of each maturity to be so redeemed shall be called for redemption in the manner set forth in an Officer's Certificate filed with the Trustee.

If less than all of the Series 2019[A][B] Bonds of any one maturity are to be called for redemption, the Trustee shall select the Series 2019[A][B] Bonds to be redeemed by lot, each \$5,000 portion of principal being counted as one Series 2019[A][B] Bond for this purpose; provided, however, that so long as the only registered owner of the Series 2019[A][B] Bonds is a Securities Depository Nominee, such selection shall be made by the Securities Depository by lot in accordance with its operating rules and procedures.

Any notice of redemption, except a notice of redemption in respect of a Sinking Fund Requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the Redemption Price of and interest on the Series 2019[A][B] Bonds to be redeemed, and that if such moneys are not so received, such notice shall be of no force or effect and such Series 2019[A][B] Bond shall not be required to be redeemed. In the event that moneys or Defeasance Obligations sufficient to pay the Redemption Price of and interest on such Series 2019[A][B] Bonds are not received by the Trustee on or prior to the redemption date, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

The registered owner of this bond shall have no right to enforce the provisions of the Master Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Master Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Master Trust Agreement.

Supplements or amendments to the Master Trust Agreement, the Second Supplemental Trust Agreement and the Deed of Trust may be made only to the extent and in the circumstances permitted by the Master Trust Agreement and the Second Supplemental Trust Agreement.

This bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Master Trust Agreement and the Second Supplemental Trust Agreement, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this bond and the execution and delivery of the Master Trust Agreement and the Second Supplemental Trust Agreement have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Master Trust Agreement or the Second Supplemental Trust Agreement until it shall have been authenticated by the execution by the Trustee of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Fayetteville, North Carolina, by resolution duly passed by its City Council, has caused this bond to be manually signed by the Mayor and attested to by the City Clerk and the official seal of the City to be impressed hereon, all as of the ____ day of June, 2019.

CITY OF FAYETTEVILLE, NORTH CAROLINA

[SEAL]

By: _____
Mayor

Attest:

City Clerk

CERTIFICATE OF AUTHENTICATION

This bond is a Bond of the Series designated therein and issued under the provisions of the within mentioned Trust Agreement and Supplemental Agreement.

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Signatory

Date of authentication: _____

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The Series 2019 Bonds hereinabove mentioned has been approved under the provisions of Section 160A-20 and Article 8 of Chapter 159 of the General Statutes of North Carolina, as amended.

Secretary, Local Government Commission of North
Carolina

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY NUMBER
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE

the within bond and all right thereunder, and hereby irrevocably constitutes and appoints _____
_____, attorney, to transfer the within bond on the books
kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.